

TOWNSHIP OF GENEVA
Van Buren County, Michigan

FINANCIAL REPORT WITH
SUPPLEMENTARY INFORMATION

Year Ended March 31, 2006

AUDITING PROCEDURES REPORT

Issue under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Township of Geneva	County Van Buren
Audit Date March 31, 2006	Opinion Date June 16, 2006	Date Accountant Report Submitted to State: July 21, 2006	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- | | |
|---|--|
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 6. The local unit has been delinquent distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during they year). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) Campbell, Kusterer & Co., P.C.			
Street Address 512 N. Lincoln, Suite 100, P.O. Box 686		City Bay City	State MI
Accountant Signature Campbell, Kusterer & Co., P.C.		Zip 48707	

TOWNSHIP OF GENEVA
Van Buren County, Michigan

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CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

June 16, 2006

To the Township Board
Township of Geneva
Van Buren County, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of Township of Geneva, Van Buren County, Michigan as of and for the year ended March 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Township of Geneva's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Township of Geneva, Van Buren County, Michigan as of March 31, 2006, and the respective changes in financial position thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and budgetary comparison information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the Township's basic financial statements. The other supporting information described in the accompanying table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, it is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Campbell, Kusterer & CO., P.C.
CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants

TOWNSHIP OF GENEVA
Van Buren County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended March 31, 2006

The Management's Discussion and Analysis report of the Township of Geneva covers the Township's financial performance during the year ended March 31, 2006.

FINANCIAL HIGHLIGHTS

Our financial status remained stable over the last year. Net assets at March 31, 2006, totaled \$1,521,079.19 for governmental activities. Overall total capital assets remained approximately the same.

Overall revenues were \$857,605.80 from governmental activities. Governmental activities had a \$51,167.47 decrease in net assets with major road improvements of \$411,814.06 and a loss of 1.05% in revenue sharing.

Taxable value increased by approximately \$3,610,643.00 or 5.58%.

We did not incur any debt.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts, management's discussion and analysis, the basic financial statements and required supplementary information. The basic financial statements include two different kinds of statements that present different views of the Township and the notes to the financial statements.

The first two statements are entity-wide financial statements and provide both long and short-term information about our overall financial status. These statements present governmental activities.

The remaining statements are fund financial statements, which focus on individual parts of the Township in more detail.

The notes to the financial statements explain some of the information in the statements and provide more detailed data.

Required supplementary information further explains and supports the financial statement information with budgetary comparisons.

ENTITY-WIDE FINANCIAL STATEMENTS

The entity-wide statements report information about the Township as a whole using accounting methods used by private companies. The statement of net assets includes all of the Township's assets and liabilities. The statement of activities records all of the current year revenues and expenses regardless of when received or paid.

The two entity-wide statements report net assets and how they have changed. Net assets are the difference between the entity's assets and liabilities and this is one method to measure the entity's financial health or position.

Over time increases/decreases in the entity's net assets are an indicator of whether financial position is improving or deteriorating.

To assess overall health of the entity you may also have to consider additional factors such as tax base changes, facility conditions and personnel changes.

All of the activities of the Township are reported as governmental activities. This includes the General Fund, Cemetery Perpetual Care Fund, Fire & Ambulance Fund, and the Liquor Law Enforcement Fund.

TOWNSHIP OF GENEVA
Van Buren County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended March 31, 2006

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Township's funds, focusing on significant (major) funds not the Township as a whole. Funds are used to account for specific activities or funding sources. Some funds are required by law or bond covenants. The Township Board also may create them. Funds are established to account for funding and spending of specific financial resources and to show proper expenditures of those resources.

The Township has the following types of funds:

Governmental funds: All of the Township's activities are included in the governmental category. These funds are presented on the modified accrual basis, which is designed to show short-term financial information. You will note that the differences between the Township's entity-wide statements and the fund statements are disclosed in reconciling statements to explain the differences between them. The Township's governmental activities include the General Fund, the Cemetery Perpetual Care Fund, the Fire & Ambulance Fund and the Liquor Law Enforcement Fund.

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

During the year we provided transfer station services, maintenance of roadways, Ambulance & Fire protection by authority, Airport services by authority, Humane Society service by contract, library service by contract, and police protection by contract.

Our cash position in the governmental activities remains strong. Our external debt is \$0.00.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

The General Fund pays for most of the Township's governmental services. The most significant are highways and streets which incurred expenses of \$411,814.06 and Sheriff Department Police Protection of \$81,754.49.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

The Township's governmental activities invested \$23,679.00 in capital assets.

The Township has no long-term debt.

KNOWN FACTORS AFFECTING FUTURE OPERATIONS

The future of state revenue sharing is very clouded and it represents a significant portion of our income. We continue to grow at a 5.58% rate in taxable values with little demand for infrastructure, except good roads and safety services.

CONTACTING THE TOWNSHIP'S MANAGEMENT

This financial report is designed to provide our taxpayers, creditors, investors and customers with a general overview of the Townships finances and to demonstrate the Township's accountability for the revenues it receives. If you have any questions concerning this report please contact the Township Supervisor, Clerk or Treasurer at 269-427-7607.

TOWNSHIP OF GENEVA
Van Buren County, Michigan

GOVERNMENT-WIDE STATEMENT OF NET ASSETS
March 31, 2006

	<u>Governmental Activities</u>
ASSETS:	
CURRENT ASSETS:	
Cash in bank	1 048 338 51
Investments	21 347 77
Taxes receivable	<u>66 255 72</u>
Total Current Assets	<u>1 135 942 00</u>
NON-CURRENT ASSETS:	
Capital Assets	458 990 84
Less: Accumulated Depreciation	<u>(73 142 25)</u>
Total Non-current Assets	<u>385 848 59</u>
TOTAL ASSETS	<u><u>1 521 790 59</u></u>
LIABILITIES AND NET ASSETS:	
LIABILITIES:	
CURRENT LIABILITIES:	
Accounts payable	<u>711 40</u>
Total Current Liabilities	<u>711 40</u>
NON-CURRENT LIABILITIES	<u>-</u>
Total Non-current Liabilities	<u>-</u>
Total Liabilities	<u>711 40</u>
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	385 848 59
Unrestricted	<u>1 135 230 60</u>
Total Net Assets	<u>1 521 079 19</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>1 521 790 59</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF GENEVA
Van Buren County, Michigan

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
Year ended March 31, 2006

	<u>Expenses</u>	<u>Program Revenue</u>	<u>Governmental Activities Net (Expense) Revenue and Changes in Net Assets</u>
FUNCTIONS/PROGRAMS			
Governmental Activities:			
Legislative	10 794 04	-	(10 794 04)
General government	117 673 03	37 724 99	(79 948 04)
Public safety	305 348 02	26 762 67	(278 585 35)
Public works	459 057 09	5 381 32	(453 675 77)
Culture and recreation	1 000 00	-	(1 000 00)
Other	14 901 09	-	(14 901 09)
Total Governmental Activities	<u>908 773 27</u>	<u>69 868 98</u>	<u>(838 904 29)</u>
General Revenues:			
Property taxes			426 097 88
State revenue sharing			328 895 02
Interest			19 857 47
Miscellaneous			12 886 45
Total General Revenues			<u>787 736 82</u>
Change in net assets			(51 167 47)
Net assets, beginning of year			<u>1 572 246 66</u>
Net Assets, End of Year			<u>1 521 079 19</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF GENEVA
Van Buren County, Michigan

BALANCE SHEET – GOVERNMENTAL FUNDS
March 31, 2006

<u>Assets</u>	<u>General</u>	<u>Enforcement</u>	<u>Fire Fund</u>	<u>Other Funds</u>
Cash in bank	727 267 00	8 005 39	310 780 99	-
Investments	-	-	-	21 347 77
Taxes receivable	36 898 22	-	29 357 50	-
Due from other funds	<u>2 285 13</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>766 450 35</u>	<u>8 005 39</u>	<u>340 138 49</u>	<u>21 347 77</u>
<u>Liabilities and Fund Equity</u>				
Liabilities:				
Accounts payable	-	711 40	-	-
Total liabilities	<u>-</u>	<u>711 40</u>	<u>-</u>	<u>-</u>
Fund equity:				
Fund balances:				
Reserved for cemetery care	-	-	-	21 347 77
Unreserved:				
Undesignated	<u>766 450 35</u>	<u>7 293 99</u>	<u>340 138 49</u>	<u>-</u>
Total fund equity	<u>766 450 35</u>	<u>7 293 99</u>	<u>340 138 49</u>	<u>21 347 77</u>
Total Liabilities and Fund Equity	<u>766 450 35</u>	<u>8 005 39</u>	<u>340 138 49</u>	<u>21 347 77</u>

The accompanying notes are an integral part of these financial statements.

Total

1 046 053 38

21 347 77

66 255 72

2 285 13

1 135 942 00

711 40

711 40

21 347 77

1 113 882 83

1 135 230 60

1 135 942 00

TOWNSHIP OF GENEVA
Van Buren County, Michigan

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
March 31, 2006

TOTAL FUND BALANCES – GOVERNMENTAL FUNDS	1 135 230 60
Amounts reported for governmental activities in the statement of net assets are different because –	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet:	
Capital assets at cost	458 990 84
Accumulated depreciation	<u>(73 142 25)</u>
TOTAL NET ASSETS – GOVERNMENTAL ACTIVITIES	<u>1 521 079 19</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF GENEVA
Van Buren County, Michigan

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
Year ended March 31, 2006

	<u>General</u>	<u>Liquor Law Enforcement</u>	<u>Fire</u>	<u>Other Funds</u>
Revenues:				
Property taxes	235 316 90	-	190 780 98	-
Licenses and permits	26 762 67	-	-	-
State revenue sharing	327 863 22	1 031 80	-	-
Charges for services – PTAF	19 597 27	-	-	-
Charges for services – cemetery	18 127 72	-	-	-
Interest	13 756 64	88 51	5 936 96	75 36
Special assessments	5 381 32	-	-	-
Miscellaneous	10 536 85	-	-	2 349 60
Total revenues	<u>657 342 59</u>	<u>1 120 31</u>	<u>196 717 94</u>	<u>2 424 96</u>
Expenditures:				
Legislative:				
Township Board	10 794 04	-	-	-
General government:				
Supervisor	13 062 00	-	-	-
Elections	2 341 25	-	-	-
Assessor	11 700 00	-	-	-
Audit	3 000 00	-	-	-
Clerk	13 062 00	-	-	-
Board of Review	6 397 42	-	-	-
Treasurer	13 062 00	-	-	-
Building and grounds	10 032 25	-	-	-
Cemetery	20 121 80	-	-	-
Unallocated	16 375 90	-	-	-
Public safety:				
Police protection	81 754 49	-	-	-
Fire protection	-	-	186 723 66	-
Liquor control	-	1 825 80	-	-
Inspectors	28 619 71	-	-	-
Ordinance enforcement	6 424 36	-	-	-
Public works:				
Highways and streets	411 814 06	-	-	-
Street lights	3 095 70	-	-	-
Sanitation	23 736 74	-	-	-
Drains	3 381 25	-	-	-
Airport	14 896 78	-	-	-
Culture and recreation:				
Library	1 000 00	-	-	-
Other:				
Insurance	9 173 00	-	-	-
Pension	5 728 09	-	-	-
Capital outlay	23 679 00	-	-	-
Total expenditures	<u>733 251 84</u>	<u>1 825 80</u>	<u>186 723 66</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(75 909 25)	9 994 28	2 424 96	2 424 96
Fund balances, April 1	<u>842 359 60</u>	<u>330 144 21</u>	<u>18 922 81</u>	<u>18 922 81</u>
Fund Balances, March 31	<u><u>766 450 35</u></u>	<u><u>340 138 49</u></u>	<u><u>21 347 77</u></u>	<u><u>21 347 77</u></u>

The accompanying notes are an integral part of these financial statements.

Total

426 097 88

26 762 67

328 895 02

19 597 27

18 127 72

19 857 47

5 381 32

12 886 45

857 605 80

10 794 04

13 062 00

2 341 25

11 700 00

3 000 00

13 062 00

6 397 42

13 062 00

10 032 25

20 121 80

16 375 90

81 754 49

186 723 66

1 825 80

28 619 71

6 424 36

411 814 06

3 095 70

23 736 74

3 381 25

14 896 78

1 000 00

9 173 00

5 728 09

23 679 00

921 801 30

(64 195 50)

1 199 426 10

1 135 230 60

TOWNSHIP OF GENEVA
Van Buren County, Michigan

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year ended March 31, 2006

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS (64 195 50)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures; in the Statement of Activities,
these costs are allocated over their estimated useful lives as depreciation

Depreciation Expense	(10 650 97)
Capital Outlay	<u>23 679 00</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES (51 167 47)

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF GENEVA
Van Buren County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2006

Note 1 – Summary of Significant Accounting Policies

The accounting policies of the Township of Geneva, Van Buren County, Michigan, conform to generally accepted accounting principles as applicable to governmental units.

Reporting Entity

The financial statements of the Township contain all the Township funds that are controlled by or dependent on the Township's executive or legislative branches.

The reporting entity is the Township of Geneva. The Township is governed by an elected Township Board. As required by generally accepted accounting principles, these financial statements present the Township as the primary government.

Government-Wide and Fund Financial Statements

The government-wide financial statements, (the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All the Township's government-wide activities are considered governmental activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments and other items not properly included among program revenues are reported as general revenue.

Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, restricted resources are applied first.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

TOWNSHIP OF GENEVA
Van Buren County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2006

Note 1 – Summary of Significant Accounting Policies (continued)

Governmental Funds

General Fund

This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants, and other intergovernmental revenues.

Special Revenue Funds

These funds are used to account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action.

Permanent Fund

The Cemetery Perpetual Care Fund is used to account for assets that are legally restricted.

Fiduciary Funds

The Current Tax Collection Fund and the Agency Fund are used to account for assets held as an agent for others.

Assets, Liabilities and Net Assets or Equity

Bank deposits and investments – Cash and cash equivalent investments include cash on hand, demand deposits, certificates of deposit and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables

Receivables have been recognized for all significant amounts due to the Township. Allowances for uncollectible accounts have not been provided for in that collection is not considered doubtful and any uncollected amount would be immaterial.

Inventories

Inventories of supplies are considered to be immaterial and are not recorded.

Property Taxes

Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when earned.

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county tax rolls. The 2005 tax roll millage rate was 6.742 mills, and the taxable value was \$64,658,453.00.

TOWNSHIP OF GENEVA
Van Buren County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2006

Note 1 – Summary of Significant Accounting Policies (continued)

Encumbrances

Encumbrances involving the current recognition of purchase orders, contracts and other commitments for future expenditures are not recorded.

Capital Assets

Capital assets are defined by the Township as assets with an initial cost of more than \$1,000.00 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost. Donated assets are reported at estimated fair market value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings, additions and improvements	20-50 years
Equipment	4-20 years

Compensated Absences (Vacation and Sick Leave)

Employees are not allowed to accumulate vacation and sick pay.

Post-employment Benefits

The Township provides no post-employment benefits to past employees.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Note 2 – Budgets and Budgetary Accounting

The following procedures are followed in establishing the budgetary data reflected in these financial statements:

1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Township Board for consideration.
2. The proposed budgets include expenditures as well as the methods of financing them.
3. Public hearings are held to obtain taxpayer comments.
4. The budgets are adopted at the activity level by a majority vote of the Township Board.
5. The budgets are adopted on the modified accrual basis of accounting.

TOWNSHIP OF GENEVA
Van Buren County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2006

Note 2 – Budgets and Budgetary Accounting (continued)

6. The originally adopted budgets can be amended during the year only by a majority vote of the Township Board.
7. The adopted budgets are used as a management control device during the year for all budgetary funds.
8. Budget appropriations lapse at the end of each fiscal year.
9. The budgeted amounts shown in these financial statements are the originally adopted budgets with all amendments that were approved by the Township Board during the fiscal year.

Note 3 – Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township Board has designated three banks for the deposit of Township funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in all investments authorized by state law as listed above.

The Township's deposits and investments are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the cash deposits are as follows:

	<u>Carrying Amounts</u>
Total Deposits	<u>1 049 608 51</u>

Amounts in the bank balances are without considering deposits in transit or uncleared checks.

	<u>Bank Balances</u>
Insured (FDIC)	209 997 48
Uninsured and Uncollateralized	<u>871 046 52</u>
Total Deposits	<u>1 081 044 00</u>

TOWNSHIP OF GENEVA
Van Buren County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2006

Note 3 – Deposits and Investments (continued)

The Township's investments are categorized below to give an indication of the level of risk assumed by the Township. Risk category 1 includes those investments that meet any one of the following criteria: insured, registered, or held by the Township or its agent. Risk categories 2 and 3 include investments that are neither insured nor registered. Category 2 includes investments that are held by the counterparty's trust department (or agent) in the Township's name. Category 3 includes investments held by the counterparty or the counterparty's trust department (or agent) but not in the Township's name.

The GASB Statement No. 3 risk disclosures for the Township's investments are categorized as follows:

<u>Investment Type</u>	<u>(1)</u>	<u>(2)</u>	<u>(3)</u>	<u>Carrying Amount</u>
Risk-Categorized:				
Operating Funds	-	-	-	-
Total Risk-Categorized Investments	-	-	-	-
Nonrisk-Categorized:				
Financial Institution Pooled Funds				21 347 77
Total Investments				21 347 77

The financial institution pooled funds are not categorized because they are not evidenced by securities that exist in physical or book entry form. Management believes that the investments in the funds comply with the investment authority noted above.

Note 4 – Capital Assets

Capital asset activity of the Township's Governmental activities for the current year was as follows:

	<u>Balance 4/1/05</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 3/31/06</u>
<u>Governmental Activities:</u>				
Land	79 847 36	21 800 00	-	101 647 36
Buildings	331 067 50	-	-	331 067 50
Equipment	24 396 98	1 879 00	-	26 275 98
Total	435 311 84	23 679 00	-	458 990 84
Accumulated Depreciation	(62 491 28)	(10 650 97)	-	(73 142 25)
Net Capital Assets	372 820 56	13 028 03	-	385 848 59

TOWNSHIP OF GENEVA
Van Buren County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2006

Note 5 – Pension Plan

The Township has a defined contribution pension plan covering all full-time employees. The Township contributes an amount of each employee's annual salary to the plan. Pension expense for the fiscal year ended March 31, 2006, was \$5,728.09.

Note 6 – Deferred Compensation Plan

The Township does not have a deferred compensation plan.

Note 7 – Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for property loss, torts and workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Note 8 – Building Permits

As of March 31, 2006, the Township had building permit revenues of \$24,668.37 and building permit expenses of \$28,619.71.

Note 9 – Interfund Receivables and Payables

The amounts of interfund receivables and payables are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General	254 00	Agency	254 00
General	<u>2 031 13</u>	Current Tax Collection	<u>2 031 13</u>
Total	<u>2 285 13</u>	Total	<u>2 285 13</u>

TOWNSHIP OF GENEVA
Van Buren County, Michigan

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND

Year ended March 31, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Property taxes	242 157 22	242 157 22	235 316 90	(6 840 32)
Licenses and permits	33 625 00	33 625 00	26 762 67	(6 862 33)
State revenue sharing	251 500 00	251 000 00	327 863 22	76 863 22
Charges for services – PTAF	13 300 00	13 300 00	19 597 27	6 297 27
Charges for services – cemetery	20 500 00	20 500 00	18 127 72	(2 372 28)
Interest	7 500 00	7 500 00	13 756 64	6 256 64
Special assessments	850 00	850 00	5 381 32	4 531 32
Miscellaneous	<u>14 200 00</u>	<u>14 200 00</u>	<u>10 536 85</u>	<u>(3 663 15)</u>
Total revenues	<u>583 632 22</u>	<u>583 132 22</u>	<u>657 342 59</u>	<u>74 210 37</u>
Expenditures:				
Legislative:				
Township Board	18 500 00	18 500 00	10 794 04	(7 705 96)
General government:				
Supervisor	13 062 00	13 062 00	13 062 00	-
Elections	5 000 00	5 000 00	2 341 25	(2 658 75)
Assessor	12 000 00	12 000 00	11 700 00	(300 00)
Audit	3 500 00	3 500 00	3 000 00	(500 00)
Clerk	13 062 00	13 062 00	13 062 00	-
Board of Review	7 000 00	7 076 42	6 397 42	(679 00)
Treasurer	13 062 00	13 062 00	13 062 00	-
Building and grounds	17 000 00	17 000 00	10 032 25	(6 967 75)
Cemetery	41 000 00	41 000 00	20 121 80	(20 878 20)
Unallocated	538 346 72	531 270 30	16 375 90	(514 894 40)
Public safety:				
Police protection	75 000 00	82 000 00	81 754 49	(245 51)
Inspectors	36 500 00	36 500 00	28 619 71	(7 880 29)
Ordinance enforcement	42 500 00	42 500 00	6 424 36	(36 075 64)
Public works:				
Highways and streets	425 000 00	425 000 00	411 814 06	(13 185 94)
Street lights	3 700 00	3 700 00	3 095 70	(604 30)
Sanitation	26 000 00	26 000 00	23 736 74	(2 263 26)
Drains	7 500 00	7 500 00	3 381 25	(4 118 75)
Airport	16 000 00	16 000 00	14 896 78	(1 103 22)
Culture and recreation:				
Library	1 000 00	1 000 00	1 000 00	-
Other:				
Insurance	10 000 00	10 000 00	9 173 00	(827 00)
Pension	9 000 00	9 000 00	5 728 09	(3 271 91)
Capital outlay	<u>40 000 00</u>	<u>40 000 00</u>	<u>23 679 00</u>	<u>(16 321 00)</u>
Total expenditures	<u>1 373 732 72</u>	<u>1 373 732 72</u>	<u>733 251 84</u>	<u>(640 480 88)</u>
Excess (deficiency) of revenues over expenditures	(790 100 50)	(790 600 50)	(75 909 25)	714 691 25
Fund balance, April 1	<u>790 100 50</u>	<u>790 600 50</u>	<u>742 359 60</u>	<u>51 759 10</u>
Fund Balance, March 31	<u>-</u>	<u>-</u>	<u>666 450 35</u>	<u>766 450 35</u>

TOWNSHIP OF GENEVA
Van Buren County, Michigan

BUDGETARY COMPARISON SCHEDULE – LIQUOR LAW ENFORCEMENT FUND

Year ended March 31, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
State revenue sharing	1 500 00	2 000 00	1 031 80	(968 20)
Interest	-	-	88 51	88 51
Total revenues	<u>1 500 00</u>	<u>2 000 00</u>	<u>1 120 31</u>	<u>(879 69)</u>
Expenditures:				
Public safety:				
Liquor control	<u>1 500 00</u>	<u>2 000 00</u>	<u>1 825 80</u>	<u>(174 20)</u>
Total expenditures	<u>1 500 00</u>	<u>2 000 00</u>	<u>1 825 80</u>	<u>(174 20)</u>
Excess (deficiency) of revenues over expenditures	-	-	(705 49)	(705 49)
Fund balance, April 1	-	-	7 999 48	7 999 48
Fund Balance, March 31	<u>-</u>	<u>-</u>	<u>7 293 99</u>	<u>7 293 99</u>

TOWNSHIP OF GENEVA
Van Buren County, Michigan

BUDGETARY COMPARISON SCHEDULE – FIRE FUND
Year ended March 31, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Property taxes	199 781 85	199 781 85	190 780 98	(9 000 87)
Interest	<u>-</u>	<u>-</u>	<u>5 936 96</u>	<u>5 936 96</u>
Total revenues	<u>199 781 85</u>	<u>199 781 85</u>	<u>196 717 94</u>	<u>(3 063 91)</u>
Expenditures:				
Public safety:				
Fire protection	<u>204 000 00</u>	<u>204 000 00</u>	<u>186 723 66</u>	<u>(17 276 34)</u>
Total expenditures	<u>204 000 00</u>	<u>204 000 00</u>	<u>186 723 66</u>	<u>(17 276 34)</u>
Excess (deficiency) of revenues over expenditures	(4 218 15)	(4 218 15)	9 994 28	14 212 43
Fund balance, April 1	<u>4 218 15</u>	<u>4 218 15</u>	<u>330 144 21</u>	<u>325 926 06</u>
Fund Balance, March 31	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>340 138 48</u></u>	<u><u>340 138 49</u></u>

TOWNSHIP OF GENEVA
Van Buren County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year ended March 31, 2006

Township Board:	
Fees and per diem	4 084 00
Social security	1 113 17
Miscellaneous	5 596 87
	<u>10 794 04</u>
Supervisor:	
Salary	10 662 00
Deputy	2 400 00
	<u>13 062 00</u>
Elections	<u>2 341 25</u>
Assessor:	
Contracted services	<u>11 700 00</u>
Audit	<u>3 000 00</u>
Clerk:	
Salary	10 662 00
Deputy	2 400 00
	<u>13 062 00</u>
Board of Review:	
Wages	1 321 00
Miscellaneous	5 076 42
	<u>6 397 42</u>
Treasurer:	
Salary	10 662 00
Deputy	2 400 00
	<u>13 062 00</u>
Building and grounds:	
Custodian	1 140 00
Repairs and maintenance	8 892 25
	<u>10 032 25</u>
Cemetery:	
Wages	12 019 25
Repairs and maintenance	8 102 55
	<u>20 121 81</u>
Unallocated	<u>16 375 90</u>
Police protection	<u>81 754 49</u>
Inspectors:	
Wages	25 393 37
Miscellaneous	3 226 34
	<u>28 619 71</u>
Ordinance enforcement	<u>6 424 36</u>
Highways and streets:	
Repairs and maintenance	<u>411 814 06</u>
Street lighting:	
Utilities	<u>3 095 70</u>

TOWNSHIP OF GENEVA
Van Buren County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year ended March 31, 2006

Sanitation:	
Transfer station	<u>23 736 74</u>
Drains	<u>3 381 25</u>
Airport	<u>14 896 78</u>
Library	<u>1 000 00</u>
Insurance	<u>9 173 00</u>
Pension	<u>5 728 09</u>
Capital outlay	<u>23 679 00</u>
Total Expenditures	<u><u>733 251 84</u></u>

TOWNSHIP OF GENEVA
Van Buren County, Michigan

COMBINING BALANCE SHEET – ALL SPECIAL REVENUE FUNDS
March 31, 2006

<u>Assets</u>	<u>Liquor Law Enforcement</u>	<u>Fire</u>	<u>Total</u>
Cash in bank	8 005 39	310 780 99	318 786 38
Taxes receivable	-	29 357 50	29 357 50
Total Assets	<u>8 005 39</u>	<u>340 138 49</u>	<u>348 143 88</u>
<u>Liabilities and Fund Balances</u>			
Liabilities:			
Accounts payable	711 40	-	711 40
Total liabilities	<u>711 40</u>	<u>-</u>	<u>711 40</u>
Fund balances:			
Unreserved:			
Undesignated	7 293 99	340 138 49	347 432 48
Total fund balances	<u>7 293 99</u>	<u>340 138 49</u>	<u>347 432 48</u>
Total Liabilities and Fund Balances	<u>8 005 39</u>	<u>340 138 49</u>	<u>348 143 88</u>

TOWNSHIP OF GENEVA
Van Buren County, Michigan

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – ALL SPECIAL REVENUE FUNDS
Year ended March 31, 2006

	<u>Liquor Law Enforcement</u>	<u>Fire</u>	<u>Total</u>
Revenues:			
Property taxes	-	190 780 98	190 780 98
State revenue sharing	1 031 80	-	1 031 80
Interest	88 51	5 936 96	6 025 47
	<u>1 120 31</u>	<u>196 717 94</u>	<u>197 838 25</u>
Total revenues			
Expenditures:			
Public safety:			
Fire protection	-	186 723 66	186 723 66
Liquor control	1 825 80	-	1 825 80
	<u>1 825 80</u>	<u>186 723 66</u>	<u>188 549 46</u>
Total expenditures			
Excess (deficiency) of revenues over expenditures	(705 49)	9 994 28	9 288 79
Fund balances, April 1	<u>7 999 48</u>	<u>330 144 21</u>	<u>338 143 69</u>
Fund Balances, March 31	<u><u>7 293 99</u></u>	<u><u>340 138 49</u></u>	<u><u>347 432 48</u></u>

TOWNSHIP OF GENEVA
Van Buren County, Michigan

BALANCE SHEET – PERMANENT FUND
March 31, 2006

Cemetery Perpetual
Care

Assets

Investments

21 347 77

Total Assets

21 347 77

Liabilities and Fund Balances

Liabilities

-

Fund balances:

Reserved for cemetery care

21 347 77

Total Liabilities and Fund Balances

21 347 77

TOWNSHIP OF GENEVA
Van Buren County, Michigan

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – PERMANENT FUND
Year ended March 31, 2006

	<u>Cemetery Perpetual Care</u>
Revenues:	
Gain on investment	2 349 60
Interest	<u>75 36</u>
Total revenues	<u>2 424 96</u>
Expenditures – Cemetery	<u>-</u>
Excess of revenues over expenditures	2 424 96
Fund balance, April 1	<u>18 922 81</u>
Fund Balance, March 31	<u><u>21 347 77</u></u>

TOWNSHIP OF GENEVA
Van Buren County, Michigan

COMBINING BALANCE SHEET – ALL FIDUCIARY FUNDS
March 31, 2006

	<u>Current Tax Collection</u>	<u>Agency</u>	<u>Total</u>
<u>Assets</u>			
Cash in bank	2 031 13	1 524 00	3 555 13
Total Assets	<u>2 031 13</u>	<u>1 524 00</u>	<u>3 555 13</u>
<u>Liabilities and Fund Balances</u>			
Liabilities:			
Due to other funds	2 031 13	254 00	2 285 13
Due to other units	-	1 270 00	1 270 00
Total liabilities	<u>2 031 13</u>	<u>1 524 00</u>	<u>3 555 13</u>
Fund balances	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>2 031 13</u>	<u>1 524 00</u>	<u>3 555 13</u>

TOWNSHIP OF GENEVA
Van Buren County, Michigan

COMBINING STATEMENT OF CHANGES IN ASSETS
AND LIABILITIES – ALL AGENCY FUNDS
Year ended March 31, 2006

	<u>Balance</u> <u>4/1/05</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>3/31/06</u>
<u>CURRENT TAX COLLECTION FUND</u>				
<u>Assets</u>				
Cash in Bank	<u>26 480 23</u>	<u>1 252 158 48</u>	<u>1 276 607 58</u>	<u>2 031 13</u>
<u>Liabilities</u>				
Due to other funds	9 603 43	457 895 59	465 467 89	2 031 13
Due to others	<u>16 876 80</u>	<u>794 262 89</u>	<u>811 139 69</u>	<u>-</u>
Total Liabilities	<u>26 480 23</u>	<u>1 252 158 48</u>	<u>1 276 607 58</u>	<u>2 031 13</u>
<u>AGENCY FUND</u>				
<u>Assets</u>				
Cash in Bank	<u>630 00</u>	<u>6 828 00</u>	<u>5 934 00</u>	<u>1 524 00</u>
<u>Liabilities</u>				
Due to other funds	105 00	1 138 00	989 00	254 00
Due to others	<u>525 00</u>	<u>5 690 00</u>	<u>4 945 00</u>	<u>1 270 00</u>
Total Liabilities	<u>630 00</u>	<u>6 828 00</u>	<u>5 934 00</u>	<u>1 524 00</u>
<u>TOTALS – ALL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash in Bank	<u>27 110 23</u>	<u>1 258 986 48</u>	<u>1 282 541 58</u>	<u>3 555 13</u>
<u>Liabilities</u>				
Due to other funds	9 708 43	459 033 59	466 456 89	2 285 13
Due to others	<u>17 401 80</u>	<u>799 952 89</u>	<u>816 084 69</u>	<u>1 270 00</u>
Total Liabilities	<u>27 110 23</u>	<u>1 258 986 48</u>	<u>1 282 541 58</u>	<u>3 555 13</u>

CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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AUDIT COMMUNICATION AND REPORT OF COMMENTS AND RECOMMENDATIONS

June 16, 2006

To the Township Board
Township of Geneva
Van Buren County, Michigan

We have audited the financial statements of the Township of Geneva for the year ended March 31, 2006. As required by auditing standards generally accepted in the United States, the independent auditor is required to make several communications to the governing body having oversight responsibility for the audit. The purpose of this communication is to provide you with additional information regarding the scope and results of our audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible.

AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES

We conducted our audit of the financial statements of the Township of Geneva in accordance with auditing standards generally accepted in the United States. The following paragraph explains our responsibilities under those standards.

Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets, and for devising an internal control structure that will, among other things, help assure the proper recording of transactions. The transactions that should be reflected in the accounts and in the financial statements are matters within the direct knowledge and control of management. Our knowledge of such transactions is limited to that acquired through our audit. Accordingly, the fairness of representations made through the financial statements is an implicit and integral part of management's accounts and records. However, our responsibility for the financial statements is confined to the expression of an opinion on them. The financial statements remain the responsibility of management.

The concept of materiality is inherent in the work of an independent auditor. An auditor places greater emphasis on those items that have, on a relative basis, more importance to the financial statements and greater possibilities of material error than those items of lesser importance or those in which the possibility of material error is remote.

For this purpose, materiality has been defined as "the magnitude of an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement."

An independent auditor's objective in an audit is to obtain sufficient competent evidential matter to provide a reasonable basis for forming an opinion on the financial statements. In doing so, the auditor must work within economic limits; the opinion, to be economically useful, must be formed within a reasonable length of time and at reasonable cost. That is why an auditor's work is based on selected tests rather than an attempt to verify all transactions. Since evidence is examined on a test basis only, an audit provides only reasonable assurance, rather than absolute assurance, that financial statements are free of material misstatement. Thus, there is a risk that audited financial statements may contain undiscovered material errors or fraud. The existence of that risk is implicit in the phrase in the audit report, "in our opinion."

To the Township Board
Township of Geneva
Van Buren County, Michigan

In the audit process, we gain an understanding of the internal control structure of an entity for the purpose of assisting in determining the nature, timing, and extent of audit testing. Our understanding is obtained by inquiry of management, testing transactions, and observation and review of documents and records. The amount of work done is not sufficient to provide a basis for an opinion on the adequacy of the internal control structure.

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are described in Note 1 to the financial statements.

OTHER COMMUNICATIONS

Auditing standards call for us to inform you of other significant issues such as, but not limited to, 1) Accounting estimates that are particularly sensitive because of their significance to the financial statements or because of the possibility that future events affecting them may differ markedly from management's current judgments; 2) Significant audit adjustments that may not have been detected except through the auditing procedures we performed; 3) Disagreements with management regarding the scope of the audit or application of accounting principles; 4) Consultation with other accountants; 5) Major issues discussed with management prior to retention; and 6) Difficulties encountered in performing the audit.

We have no significant issues, regarding these matters, to report to you at this time. Audit adjustments were minimal, and are available to review.

COMMENTS AND RECOMMENDATION REGARDING INTERNAL CONTROLS/ COMPLIANCE/ EFFICIENCY

Our procedures disclosed the following conditions that we would like to bring to your attention:

SEGREGATION OF DUTIES

A separation of duties between persons who authorize transactions and persons who have control over the related assets does not always exist.

The least desirable accounting system is one in which an employee is responsible for executing the transaction and then recording the transaction from its origin to its ultimate posting in the General Ledger. This increases the likelihood that intentional or unintentional errors will go undetected. In most cases, adequate segregation of duties substantially increases control over errors without duplication of effort.

We understand that due to the size of needed staff, a proper segregation of duties may be impractical and the "cost to benefit" relationship may not justify the addition of accounting staff to accomplish the desired segregation.

These conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our audit of the Township's financial statements and this communication of these matters does not affect our report on the Township's financial statements, dated March 31, 2006.

SUMMARY

We welcome any questions you may have regarding the foregoing comments and we would be happy to discuss any of these or other questions that you might have at your convenience.

Sincerely,

Campbell, Kusterer & CO., P.C.

CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants